Request of Chartered Accountants Action Committee

2934. SHRI ABANI ROY : Will the Minister of FINANCE be pleased to state :

(a) whether the Chartered Accountants Action Committee, for level playing field, has urged not to permit any more Multinational Accounting Firms (MAF) to establish business in India either as consulting company or accounting firm;

(b) if so, the details in this regard;

(c) whether JPC on stock scam also Commented about the working of MAF; and

(d) if so, Government's reaction thereto alongwith the action taken on the request of Chartered Accountants Action Committee?

THE MINISTER OF FINANCE (SHRI JASWANT SINGH) : (a) Yes, Sir.

(b) The Convenor of Chartered Accountants Action Committee (CAAC) in his letter, forwarding the "While Paper on Multinational Accounting Firms Operating in India", has inter-alia suggested that MAFs be banned from undertaking any audit or other attestation work directly or through their surrogates, that MAFs are not allowed to operate as consultants in India unless the countries in and from which the MAFs operate allow the Indian CA firms to practice in those countries, that the MAFs are not allowed to handle any sensitive assignments of the Indian financial sector, that their record outside India is factored into their selection for any consultancy assignments in India etc.

(c) Though the JPC on 'Stock Market Scam and Matters Relating Thereto' has made comments about the role of auditors in Chapter XI of the Report, no specific reference to working of MAF has been made therein.

(d) No specific case of violation of the Companies Act, 1956 and the Chartered Accountants Act, 1949 by the MAF's has been reported in the letter of the Convenor, CAAC.